



# Myths and Misconceptions About Reassessment



The state raised my property taxes because of the fiscal situation, right?

No – 99% of property tax money goes to schools and local government. Only a minuscule fraction goes to the state for very limited uses. In fact, state government pays part of everyone's property taxes through property tax replacement. The State of Indiana is currently paying about **\$2 billion** each year to reduce your property taxes!

Then local government raised my taxes this much?

Not quite. Certainly some local government tax levies did increase more than was expected in some areas. However, the primary reason that many homeowners saw bills rise is the reassessment ordered by the Indiana Supreme Court. The courts said that Indiana had to use a new system of valuing property, and this system meant that a significant portion of the property tax burden was going to shift from other types of real property, like businesses, to residential property.

Restructuring and reassessment? What's the difference?

Restructuring, or HEA 1001-ss, was state government's response to the court-order reassessment. The Legislature raised some state taxes in order to spend an additional \$1 billion to buffer impacts on homeowners. It provided cuts for every Hoosier homeowner. However, some people are going to experience an increase caused by reassessment that is more than the cuts provided by restructuring.

What happened to my promised 13% cut?

When legislators from both parties voted to pass HEA 1001-ss, the estimates they were given showed that tax bills on residential property, on average, would be 13% lower than without the legislation. Because of an obscure change that occurred after the session had ended, the estimate was lowered to an 11.3% average reduction.

But restructuring still had a significant effect. All homeowners were positively impacted by the passage of HEA 1001-ss. If you look closely at your bill, (see additional handout), the effects of tax restructuring are there, and your bill is lower than it otherwise would have been.